




Memorandum

Date: April 12, 2000
To: CALFED Policy Group
From: Steven R. Ritchie
Acting Executive Director 
Subject: Executive Director's Report

The purpose of this Executive Director's Report is to keep the Policy Group and the public up-to-date on the CALFED Program and related activities. This report provides information on parts of the Program that are not on the April 19, 2000 Policy Group meeting agenda.

Recent Developments

1. Federal/State Discussions

Secretary Babbitt, and other federal leaders, representatives of Governor Davis and other state officials are developing a package of specific policies, programs and projects that meet CALFED objectives. Meetings began two months ago and are scheduled to continue for at least two more meetings between now and the end of April 2000. In addition to resolving ongoing operational issues, the main goal has been to reach conceptual agreement on some of the specifics for implementing the permanent CALFED Program. Most recently the officials have discussed Delta conveyance issues. The EWA is a concept which will provide the means for acquiring water in a non-regulatory manner to benefit the environment so that endangered fish can ultimately reach "recovery."

Topics for discussion in April include: water storage, the Ecosystem Restoration Program, water transfers, water quality, an overall Endangered Species Act assurances package, water use efficiency, financing, governance, and further details on developing the EWA concept into a real program. Finally, since decision-makers want to be sure that expenditure of resources and money is focused on real improvements for the environment and for water users, the officials will discuss the essential components of a comprehensive CALFED science and monitoring program.

CALFED Agencies

California The Resources Agency
Department of Fish and Game
Department of Water Resources
California Environmental Protection Agency
State Water Resources Control Board
Department of Food and Agriculture

Federal Environmental Protection Agency
Department of the Interior
Fish and Wildlife Service
Bureau of Reclamation
U.S. Geological Survey
Bureau of Land Management
U.S. Army Corps of Engineers

Department of Agriculture
Natural Resources Conservation Service
U.S. Forest Service
Department of Commerce
National Marine Fisheries Service
Western Area Power Administration

2. Fiscal Year 2000 Programs and Projects

On March 24, 2000, the Department of Interior (DOI) approved funding \$30 million of conveyance, storage, water operations, water quality, water use efficiency, water transfers, planning, management, and administrative programs and projects. Congress appropriated the fiscal year 2000 Federal Bay-Delta Act funds and in November and December BDAC and the CALFED Policy Group recommended approval of the projects and programs funded by DOI's action. The letter to Mark Schaefer, DOI, from Lester Snow, Bureau of Reclamation (Reclamation) provides details on the approved projects and programs (Attachment A).

3. Legislative Update

Both the California Legislature and Congress are proceeding through their spring schedules and spending some of their effort on CALFED affairs. The State Senate Budget Sub-Committee on Resources, Environmental Protection, Judiciary, and Transportation (Senator Sher, chair) met on Wednesday, March 8, 2000, to hear budget proposals for several state department's, including the Resources Agency, the Department of Water Resources (DWR), and the Department of Fish and Game (DFG). Proposed fiscal year 2000-01 funding for CALFED activities appear in all three budgets.

The subcommittee recommended approval of appropriations to Resources Agency from Proposition 204 (1996) for CALFED ecosystem restoration projects. The subcommittee also recommended approval of several parts of DWR's budget, including the following items that are related to the CALFED Program:

- The proposed budget for CALFED staff support.
- The proposed CALFED expenditure authority for federal ecosystem restoration funds.
- The proposed budget for CALFED agricultural water use activities.

The subcommittee denied approval of the proposed budget for CALFED integrated storage investigations. Senator Sher indicated that this denial was without prejudice and was in accordance with the wishes of the Senate leadership for further discussions with the Administration on this subject. The subcommittee withheld action on the proposed budget of \$10 million for water acquisitions pending further information from DWR and withheld action on the DFG budget, pending further information.

Other hearings include:

- The State Senate Select Committee on the CALFED Water Program (Senator Johannessen, chair) met on Wednesday, March 15, 2000, to hear updated information

from CALFED Program staff on the status of the CALFED Bay-Delta Program programmatic EIS/EIR. The Select Committee also heard presentations on the draft EIS/EIR from invited witnesses.

- The House Committee on Resources, Subcommittee on Water and Power (Congressman Doolittle, chair) met on Thursday, March 30, 2000, to hear updated information from state and federal agency executives on the status of development of the CALFED Bay-Delta Program and implementation of the Central Valley Project Improvement Act (CVPIA). The Subcommittee also heard presentations on the status of the Program from invited witnesses.
- The House Committee on Appropriations, Subcommittee on Energy and Water Development (Packard, chair) met on Thursday, March 30, 2000, to hear testimony on Reclamation's budget proposal for federal fiscal year 2001. Appropriations under the federal California Bay-Delta Environmental Enhancement and Water Security Act (P.L. 104-333) have been made to Reclamation.
- The State Assembly Committee on Water, Parks and Wildlife (Assembly Member Machado, chair) met on April 4, 2000, to hear updated information from Patrick Wright and me on the status of development of the CALFED Bay-Delta Program.
- The State Senate Budget Subcommittee on Resources, Environmental Protection, Judiciary, and Transportation heard the budget for the State Water Resources Control Board (SWRCB) on April 5, 2000. Part of the SWRCB budget includes funding for CALFED related activities.
- The State Assembly Budget Subcommittee on Resources (Assembly Member Strom-Martin, chair) heard and approved the budgets for DWR and SWRCB with minor modifications on April 12, 2000.

Recent Program Activities

1. Programmatic Final Environmental Impact Statement/Report

All sections of the EIS/EIR are being revised based on new information and completing the responses to public comment. Both an internal consistency review and a legal review are currently underway. The current schedule is to release the final EIS/EIR in early summer.

2. Water Transfer Program

CALFED and CALFED agency staff are working hard on developing the "On Tap" water transfer information web-site, set to be made public this summer. CALFED staff and

agency representatives have also begun informal discussions with stakeholders as the first step in forming a "user" group. The official user group, which will include representatives from a broad array of stakeholders, will be established soon to begin using the web-site.

3. Watersheds

A sound decision process for project solicitation, review and selection has been established for initial implementation of the Program. The purpose of initial implementation is to select and implement a set of community based demonstration projects to help the program:

- Define and illustrate relationships between watershed processes and the primary goals and objectives of CALFED.
- Address one or more specific outcomes identified as a priority by the CALFED Bay-Delta Program during Stage 1 of the Program.
- Demonstrate the value of a community-based approach in addressing a diversity of issues, circumstances, and community characteristics found in different watersheds within the solution area.
- Demonstrate the value of watershed efforts to CALFED in geographically diverse locations within the solution area.

With completion of this work product, the watershed effort is now fully prepared to begin implementation, when financial resources are made available.

4. Delta Levees

North Delta Regional Plan

CALFED staff is preparing an implementation plan for the North Delta Regional Stage 1a actions. The Plan's goal is to provide a coordinated regional solution to ecosystem, watershed, water quality, water supply reliability, and flood control concerns in the lower Sacramento River - North Delta region. As part of the Plan, CALFED is forming a task force of regulatory staff to assist us in project formulation. The Task Force will help design projects to minimize environmental impacts and maximize multiple project benefits. It will also help develop the permit coordination process.

Another important part of this Plan is coordinating the actions of over 10 projects currently underway in the Region. The Mokelumne-Cosumnes Watershed Alliance, formed

and supported by CALFED and members of the projects, is accomplishing this coordination. CALFED Category III funds are being used by some of these projects.

Suisun Marsh Investigation

CALFED's Suisun Marsh Levee Investigation was launched to determine the optimal strategy for levee restoration and habitat modification/restoration in Suisun Marsh. Preliminary results indicate significant water quality, water supply reliability, and ecosystem restoration benefits can be achieved. DWR performed preliminary modeling to assess potential water quality benefits or impacts resulting from differing levee configurations, some of which would support ecosystem restoration goals. Higher dimensional modeling is currently underway to corroborate the results of the DWR modeling and will be completed later in 2000.

The Suisun Marsh Levee Investigation Team held a successful public outreach workshop in early March 2000 and continues to conduct outreach efforts to Suisun Marsh landowners. The team has begun producing an investigation summary to reflect the latest discussions and the current outreach effort. Further stakeholder involvement will begin later this year with a local outreach meeting.

5. Ecosystem Restoration

Environmental Water Program

CALFED intends to initiate a program to acquire water for ecosystem restoration purposes and coordinate this program with implementation the Ecosystem Restoration Program. This program is called the Environmental Water Program (EWP) and is focused on water acquisitions for tributary flow enhancement and Delta outflows; not to be confused with the Environmental Water Account (EWA) which is focused on management of Delta exports. Although CALFED does not intend to actually acquire any water for environmental purposes until after the federal Record of Decision/stated certification of the Programmatic EIR/EIS, we have already begun to organize and formulate the program.

At the request of members of the Ecosystem Roundtable, CALFED has begun discussions with Reclamation and the U.S. Fish and Wildlife Service (USFWS) to coordinate the EWP with the CVPIA Water Acquisition Program (WAP). Although details are not yet available, both Reclamation and USFWS have agreed in principle to coordinate the two programs.

In recognition of the complexity and controversial nature of this program, CALFED will move forward in developing the framework with full public involvement. To this end we are forming a steering committee composed of members from the participating agencies (CALFED, Reclamation, USFWS, and DFG) and interested stakeholders (two from the

CALFED Ecosystem Roundtable and two from the CVPIA Restoration Roundtable). This steering committee will help CALFED define the EWP.

This information will be used to develop and issue in summer 2000 a Notice of Intent (NOI)/Notice of Preparation (NOP) for an EIR/EIS for the EWP. The NOI/NOP will include a draft detailed program description that will contain biological justifications for acquisition needs and priorities. The issuance of the NOI/NOP, the first step in preparing the EIR/EIS, will lead to an extensive public scoping process that will be used to refine the draft program description based on feedback provided by the general public. Although it has not yet been confirmed, it is anticipated that Reclamation would be the NEPA lead agency and DFG would be the CEQA lead agency for the EIR/EIS.

CALFED, Reclamation, and USFWS have agreed to use an adaptive management approach to implement both the EWP and the WAP. This will allow refinement of flow needs based on scientific study of the effects of initial acquisitions. Implementation will likely begin with several pilot projects on the highest priority streams. Final definition of the full program may await information gained from these pilot projects. We therefore anticipate that the environmental document will describe the impacts of the entire EWP at a programmatic level of detail, and the effects of the selected pilot acquisitions at a project level of detail. We also anticipate that this document will provide environmental documentation for the WAP (both Level 4 water supplies for refuges covered by the CVPIA and water acquisitions for instream flows), so funding for the environmental document will be provided jointly by CALFED and Reclamation.

Multi-Species Conservation Strategy

The draft Multi-Species Conservation Strategy (MSCS), released as an appendix to the draft Programmatic EIS/EIR in June 1999, has been reorganized and refined in response to comments received through the public review process and to better meet the requirements of a federal Biological Assessment and programmatic state Natural Community Conservation Plan (NCCP). CALFED agencies and stakeholders are developing recommendations to the Policy Group to integrate the MSCS and the ERP. MSCS actions are included in the ERP Proposal Solicitation Package and a blueprint is being drafted that will detail how the programs will be integrated. In the meantime, the USFWS, National Marine Fisheries Service and DFG are developing the programmatic Biological Opinions and NCCP determination. The opinions will be completed by the federal Record of Decision/state certification of the programmatic EIS/EIR, with the NCCP determination following immediately thereafter.

6. Water Quality

You may recall that BDAC and the CALFED Policy Group approved four drinking water programs, to be funded through the fiscal year 2000 Federal Bay-Delta Act

appropriation. The total budget for the four programs is \$2 million. For the Assessment of Sources and Magnitudes of Loads Drinking Water Constituents program a subgroup of the Drinking Water Constituents work group met March 1 and March 22, to provide technical input into the related work plan. For the Salt Removal System Pilot Project, the Salinity/Selenium work group met on March 28, to review the work plan for treating and disposing of salts for on-farm management. Both work plans should be completed by mid-April.

Two other approved programs, Bay Area Regional Blending Assessment and Veale/Byron Tract Drainage Discharge Management, have well defined work plans developed in conjunction with the programs' respective work groups. These work plans will be implemented as soon as contracts are in place.

7. Water Use Efficiency

During February and March, the Water Use Efficiency (WUE) team refined approximately 200 region-specific agricultural Targeted Benefits. These Targeted Benefits represent specific objectives from the CALFED Ecosystem Restoration Program, Water Quality, and Water Management plans and are the foundation of Quantifiable Objectives. The team also completed work on sub-regional water balances as part of the flow path analysis, also a component of developing Quantifiable Objectives. Work began on developing the first 20 representative Quantifiable Objectives.

Discussions continued with representatives of the California Urban Water Conservation Council and the Agricultural Water Management Council to develop cooperative agreements that will facilitate CALFED funding support.

8. South Delta Improvements Program

South Delta Facilities

The South Delta Improvements Team (SDIT), consisting of representatives from various agencies, have refined various barrier alternatives for consideration in a project-specific EIR and discussed appropriate modeling runs for the various alternatives. The SDIT is currently developing the objectives for the modeling effort. It is anticipated that the modeling effort will be conducted over summer 2000.

Interim Dredging Project

DWR has released a proposed Mitigated Negative Declaration and Initial Study for the Dredging of Selected Areas of the South Delta and an associated Biological Inventory/Biological Assessment. The proposed dredging will be conducted near Tracy Oasis Marina, Del's Boat Harbor, Livermore and Mendota Yacht Clubs, Middleton, Hammer and Little Hawaii islands, and selected agricultural diversions on Grant Line and

Fabian-Bell canals. This project has two objectives: 1) contribute to restoring safe and hazard-free boating and navigation in south Delta channels, and 2) mitigate for low water levels downstream of the temporary barriers without affecting State Water Project (SWP) and Central Valley Project (CVP) operations. The necessary mitigation measures for impacts to shallow water habitat are being discussed and finalized. It is anticipated that the dredging will be conducted during the August 1 to October 14 dredging window.

Recirculation

A newly formed stakeholder work group will assist CALFED in formulating alternatives to be assessed in a recirculation feasibility study. The study will assess recirculation of water pumped from the Delta by the SWP and CVP to help meet San Joaquin River flow and water quality objectives. It is anticipated that the initial meeting of this work group will be in late April.

9. CALFED Governance

CALFED staff are continuing to work on refining the long-term governance proposal for inclusion in the final Programmatic EIS/R. CALFED staff are coordinating with BDAC work groups, technical teams, and state and federal agencies in this process. At the same time, CALFED is beginning the steps to prepare for the interim governance process that will commence once the ROD is signed. (See Attachment B.)

Until legislation is passed that establishes a permanent long-term governance structure, CALFED will continue to utilize the current Policy Group structure and process. The current process is being evaluated to identify how it must be modified if necessary to adapt to Stage 1 of CALFED implementation. This interim process will be described in a new Framework Agreement. A draft outline of a new Framework Agreement was presented to the Management Group at their meeting on April 4th and is attached here (see Attachment C).

This draft will also be presented and discussed by BDAC at their meeting on April 13th. In addition to discussing the proposed Framework Agreement, BDAC members will review and discuss proposals for continued public involvement after the ROD is signed, by which time BDAC itself will have completed its mission. BDAC members will discuss two proposed models for public advice-giving during interim governance (see Attachment D).

Attachments